

Interactive Advertising and Children: Issues and Implications

“ [W]e have to recognize that young children are being manipulated rather effectively by television ads that are not interactive and not tailored to the young child. As there is more tailoring and as there is more interactive capability, they’re going to be more powerful than ever before, and I think that’s what underscores the need for more regulatory intervention.”

-Dale Kunkel, Ph.D.,
Professor of Communication,
University of Arizona

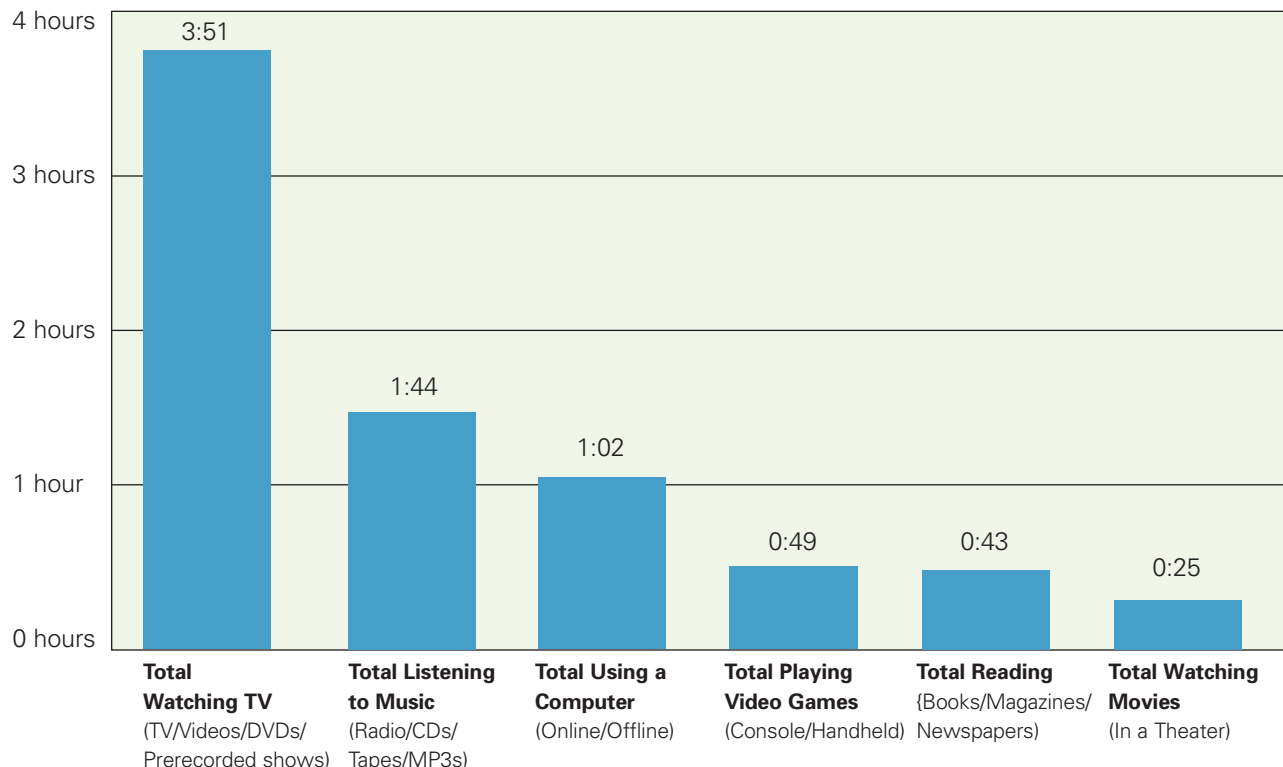
Interactive technology has the potential to revolutionize how children watch television. With a simple click of the remote control, children will go from passive viewers to active participants, having the potential to explore subjects in detail, ask experts questions and play games. Yet interactive technology also opens the door to intrusive advertising practices, similar to those currently used on the Internet. As television transitions from analog to digital, questions arise regarding how interactive advertising will be used to market to children and how young viewers will be affected. This brief explores these questions and offers recommendations to protect children in a new age of interactive advertising.

Children: The Perfect Targets

Children are already a major target audience for advertisers. American companies currently spend \$15 billion a year on marketing and advertising to children under the age of 12—twice the amount they spent just 10 years ago.¹ Each year, the average child sees about 40,000 ads on television alone² and collectively influences \$500 billion in spending annually on fast food, junk food, toys and other advertised products.³

Due to their susceptibility to persuasion and the amount of media they consume, children are the perfect targets for television advertisers. Children under the age of eight do not recognize the persuasive intent of ads and tend to accept them as accurate and unbiased.⁴ In fact, 30-second commercials have been found to influence brand preferences in children as young as two years old.⁵ In addition, very young children are not able to distinguish between programming and advertising and do not understand that the purpose of a commercial is to sell a product.⁶ This is one reason advertising campaigns that use children’s television and movie characters are so popular and successful.

Figure 1: Media Use; In a typical day, the average amount of time children spend...



Note: Due to overlapping media use, these figures cannot be summed. Average times are among all young people, not just those who used a particular media that day.

Kaiser Family Foundation, *Zero to Six: Electronic Media in the Lives of Infants, Toddlers and Preschoolers* (Menlo Park: Kaiser Family Foundation, 2003).

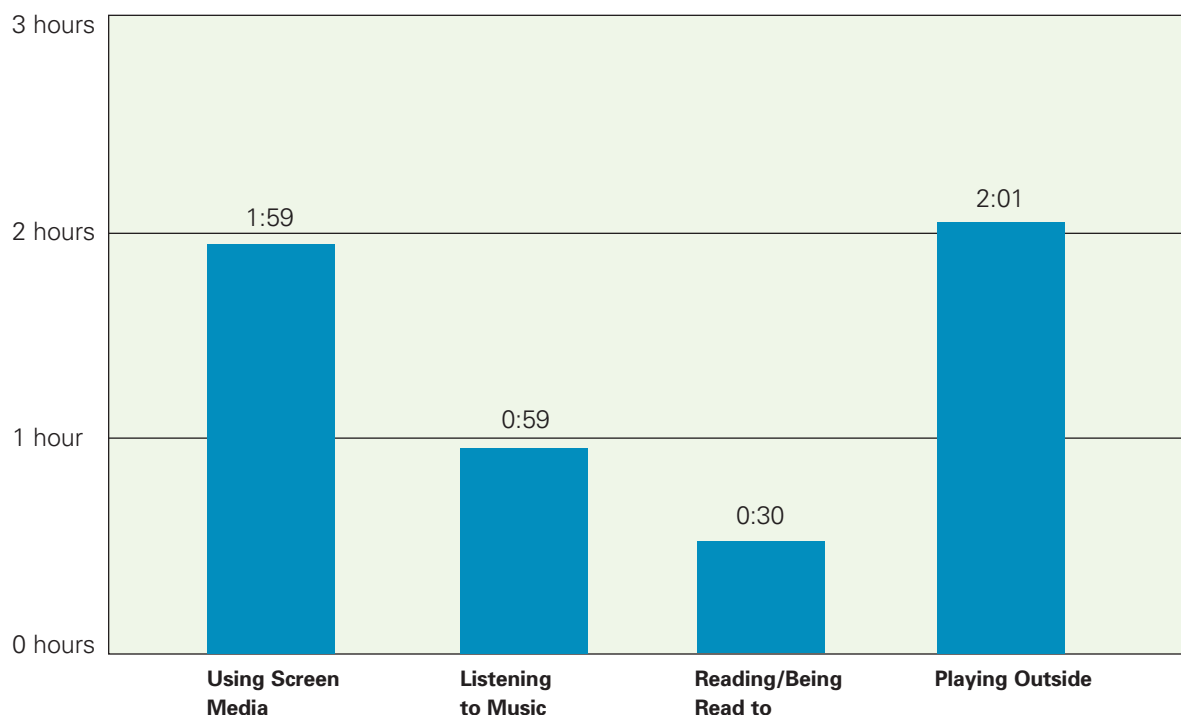
Children of all ages are also heavy media consumers. According to research by the Kaiser Family Foundation, children under the age of six spend close to two hours a day watching television, using computers and playing video games.⁷ Children ages eight and older spend nearly six and a half hours a day (6:21) consuming media, including television and the Internet.⁸ In fact, during one quarter of this time (26%), they are media multi-tasking, or using more than one medium at the same time. When all of their media use is added separately, it averages 8 1/2 hours per day.⁹

A closer look at this media multi-tasking shows that one in four (28%) youth “often” or “sometimes” go online while watching TV to do something related to the show they are watching. This trend will

likely continue as 60 percent of kids with home computers say their television and computers are located in places where they can use both simultaneously.¹⁰ Young people’s ability to multi-task with the media, as well as their interest in television-related web sites, makes them a very attractive audience for interactive advertisers.

The Cost of Advertising to Children

There are several negative effects from children’s exposure to television advertisements. One problem is the strain such advertising places on parent-child relationships. In a Harris Interactive poll of professionals in the youth marketing industry, nearly three-quarters of respondents agreed that “most companies put pressure on children to pester their

Figure 2: Amount of time children 0-6 spend each day, on average.

Note: Average is among all children, across all days of the week, including those who don't do certain activities at all.

Kaiser Family Foundation, *Generation M: Media in the Lives of 8-18 Year-Olds* (Menlo Park: Kaiser Family Foundation, 1999).

parents to buy things.”¹¹ The “nag factor” as this is sometimes known, often results in parent-child conflict.¹² When a parent denies a purchase request, the child becomes argumentative, angry and disappointed, resulting in significant stress placed on the parent-child relationship.¹³

Exposure to advertising also increases children’s awareness and consumption of the products that are being advertised. Aside from encouraging even the youngest of children to become insatiable consumers, research has shown that exposure to ads for certain products, such as alcohol, tobacco, and violent video games and movies may be harmful to children’s health by stimulating positive attitudes towards and greater consumption of such products.¹⁴

Given the fact that the majority of TV ads targeted to kids are for candy, cereal, soda and fast food,¹⁵ it

is not surprising that a growing body of research links television advertising to children’s poor nutritional choices and the growing rate of childhood obesity.¹⁶ Several studies have found that the more time children spend watching TV, the more likely they are to ask for specific products from the grocery store and that up to three-quarters of the items they request are products they have seen advertised on television.¹⁷ Other studies have found that as children’s television viewing increases, so too does their daily caloric intake and their consumption of fast food and soft drinks; yet the amount of fruits and vegetables they consume decreases.¹⁸

These research findings are of particular concern given the growing childhood obesity epidemic. Sixteen percent of American children are overweight or obese.¹⁹ The U.S. Surgeon General has identified overweight and obesity as “the fastest

growing cause of disease and death in America.”²⁰ In addition to the social stigma and psychological effects that overweight children often suffer, they are also significantly more likely than their peers to become afflicted with serious health problems such as asthma, diabetes, high blood pressure and sleep apnea.²¹ In fact, for the first time in modern history, the life expectancy of younger generations may actually decrease by as much as five years as a result of obesity.²²

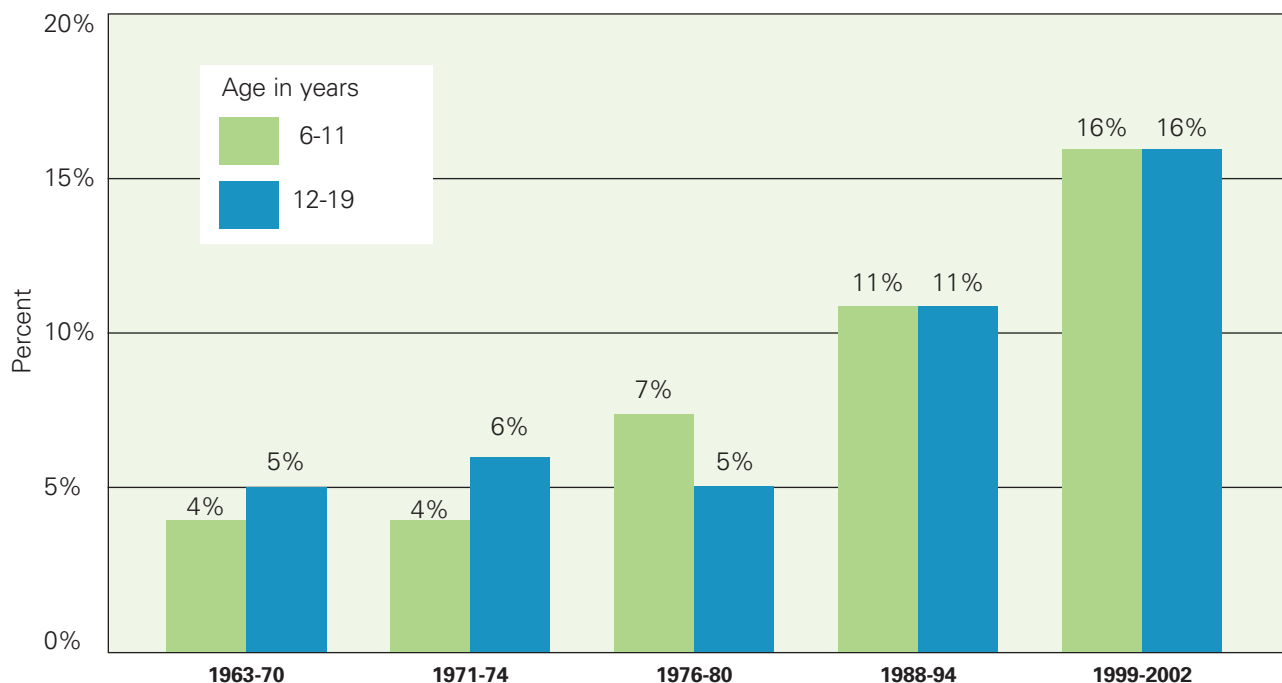
Most of the research on children and advertising has focused on television. How will children be affected when they no longer passively watch a commercial for 30 seconds but actively engage with a product website for undefined periods of

time? Interactive media has the potential to expose children to far more advertising than previously imagined, as well as more targeted ways of selling products to them.

The Power of Interactivity: Branding in a Digital Age

One way to understand potential interactive advertising strategies is to examine current Internet practices, which range in both subtlety and scope. The following is a brief summary of the different methods already employed on the Internet that may soon become common practice in digital television, as discussed by Dr. Kathryn Montgomery’s in her article, “Digital Kids: The New On-Line Children’s Consumer Culture.”²³

Figure 3: Prevalence of overweight among children and adolescents ages 6-19 years



1 Excludes pregnant women starting with 1971-74. Pregnancy status not available for 1963-65 and 1966-70.

2 Data for 1963-65 are for children 6-11 years of age; data for 1966-70 are for adolescents 12-17 years of age, not 12-19 years.

National Center for Health Statistics, “Prevalence of Overweight Among Children and Adolescents: United States, 1999-2002,” <http://www.cdc.gov/nchs/products/pubs/pubd/hestats/overwght99.htm>, generated

“Branded Environments”

One strategy found on the Internet is the creation of websites where the content features a commercial product or brand. By creating websites specifically for kids, companies can appeal to children early to foster brand loyalty. A key component of branded environments is the use of “advergames,” or Internet games that feature specific products. Advergames are very popular with children and, as such, are highly appealing to advertisers.

One example of advergames, Kraft Foods’ *TooMunchFun.com*, features the “Kool-Aid Mad Scientists’ Mix it Up!” game where visitors must create a clean path for Kool-Aid powder to flow safely through tubes to a beaker. On *NabiscoWorld.com*, children can be guests at the “Chips Ahoy! Cookie Guys’ Housewarming Party,” where visitors are led into different rooms of chocolate chip cookie characters.

Some advergames permit advertisers to monitor players without their knowledge, providing advertisers information about the choices players make while playing and the length of time they are online. Creators of advergames say that the typical player spends a half-hour on a game site, often replaying the game and increasing the amount of time they are exposed to the advertised products.²⁴

Advergaming websites also encourage children to buy the advertised products in order to receive special privileges. For example, on *Postopia.com*, a Web site for Post Cereal products, visitors are encouraged to purchase specially-marked boxes of cereal in order to obtain a special code. This code can then be used on the Web site to earn “postokens,” which can be cashed out to reach secret levels, learn secret game tips and earn bonus lives on games featured on the website.

“One to One”

The strategy of “one to one,” also known as “relational marketing,” creates a unique relationship between the company and the individual by personalizing marketing and sales pitches based on specific preferences and behaviors. Companies can monitor and maintain profiles of individual customers and create long-term relationships for more effective marketing in the future. A report by the Center for Digital Democracy finds that advertisers can use interactive advertising to target individual viewers with personalized ads, which may increase the likelihood of impulse purchases. Advertisers will be able to target children based on gender, age, household income, and/or race by tracking the history of their individual television viewing habits.²⁵

“T-Commerce”

New interactive methods may soon be employed to promote “t-commerce,” the ability to purchase merchandise through television using a remote control. Soon, viewers will be able to click on specific products featured on a show and link to a site where the merchandise can be purchased. This new technology will also allow advertisers to track and store users’ personal data for marketing purposes. Product placement, the seamless integration of programming and products, will become increasingly used as an advertising technique, resulting in the continued blurring of content and advertising.

Emerging Examples of Interactive Advertising

While interactive advertising on television is still in its infancy in the United States, it is more widely practiced abroad. The first interactive ad in the United Kingdom debuted in 2001. The ad, for Unilever’s Chicken Tonight’s Stir It Up instant soup, allowed consumers to use their remote control to visit the company’s “Creative Kitchen” website,

apply for cash-back vouchers and order the soup online.²⁶ Since then, many companies including Adidas and General Motors have decided to explore how to use interactive advertising to boost interest and sales of their products.

One company, OpenTV, produces interactive content and provides technology to help companies develop interactive advertisements for digital cable and satellite systems. Open TV has created ads for companies in the United Kingdom, Italy and South Africa. In October 2001, Open TV launched an interactive component for the QVC shopping channel in the United Kingdom. Now more than 10 percent of QVC's total orders come in through the 'buy button' on the cable system Sky Digital, twice as many as come in through the Internet.²⁷ Open TV also created an interactive ad for Domino's Pizza, that allows viewers to place orders using their remote controls.

Consumers can now place pizza orders through their remote controls in the United States. Time Warner's Oceanic Cable in Oahu, Hawaii has established a television commerce or t-commerce model in which viewers in select neighborhoods can order from Pizza Hut directly from their television. Not only does this service offer convenience to the consumer, but according to Oceanic Marketing Director Allan Akamine, "People ordering pizza over cable tend to spend more than those using the phone."²⁸

Another emerging form of interactive advertising is Short Message Service, or SMS. In the United States, Frito-Lay, Maybelline and Timex send text messages to cell phone users to advertise their products. Broadcasters in the United Kingdom use SMS to reach viewers by cell phone to promote television programs, and major fast-food chains, such as KFC are experimenting with a combination of SMS and interactive television to reach younger viewers. During a program targeted to children

between 4 and 11 years of age, a presenter prompts viewers to click on a specially-branded area that features the KFC company logo, offers games, and provides information about the menu and restaurant locations.²⁹

Though these technologies are not yet common in the United States, digital advertisers believe the transition from the Web to television should go smoothly, given children's familiarity with computers. As one digital advertising executive remarks, "Children will have already been communicating with the brand through the Web, which should make it easier to build a dialogue through iTV."³⁰

Recommendations for Creating a Healthy DTV Environment for Children

Now is the time, while interactive advertising is still in its infancy, to create industry guidelines and regulations that will protect children from the potentially harmful effects of interactive advertising. Without consideration of the child audience, digital television could evolve into an environment in which marketers target children individually based on personal demographic information, where children's viewing habits are monitored for marketing purposes and where children's programs are replete with product placements to increase their exposure to brands and products. Because young children do not understand the persuasive intent of ads and have difficulty distinguishing advertising from program content, it is essential that they are protected.

Congress has already acknowledged the need to protect children from advertising and marketing. While Congress has passed legislation, such as the Children's Television Act and the Children's Online Privacy Protection Act, to help curb the amount of advertising that targets children as well as the collection of their personal information, these rules

must be updated for the digital age. The following are recommendations supported by the Children's Media Policy Coalition to help ensure a healthy digital media environment for children:

1. The Federal Communications Commission should prohibit links from children's programming to all forms of commercial content.

2. The Children's Online Privacy and Protection Act should be applied to digital television to prevent the collection of children's personal information and the tracking of viewing habits of children under the age of 13.

3. The Federal Communications Commission should adapt existing children's television rules and policies for the digital age to ensure clear separation of programming and advertising content.

“Such advertising of unhealthy food products to young children contributes to poor nutritional habits that may last a lifetime and be a variable in the current epidemic of obesity among kids.”

—Brian Wilcox, Ph.D., chair of the American Psychological Association Task Force on Advertising and Children

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